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UK-EU Brexit Border options in 4 slides

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What border controls mean for different types of border with the EU...

Slide 1 shows the different scale of customs controls on the movement of goods across an EU border, depending on the trade relationship a country has with the EU

Slide 2 shows what customs controls mean in practice for operators and customs agencies

Slide 3 shows what technology can do at a border and what is still nonetheless required to enforce a customs border

Slide 4 shows the possible scenarios for UK/EU, GB/NI and NI/IRL border in light of the UK/EU Joint Report of 8 December

This is a pared-back and simplified overview of complex matters. It is the second draft of a work in progress. The author welcomes corrections, comments and suggestions.

Between EU member states

A

- Restricted goods [e.g. hazardous waste]
- Prohibited goods [e.g. Class A drugs]
- Excise goods [e.g. alcohol; these transit in duty-suspension under EU EMCS]
- Goods identified through the shared Customs Risk Management Framework [e.g. counterfeit medicine]

In the Single Market but outside EU

B

A+

- Agricultural produce [subject to tariffs]
- All 3rd party country goods [quotas, tariffs]
- Rules of Origin [for how much EEA, how much 3rd country]
- Restricted goods [expands outside EU membership]
- Excise goods [outside Excise Movement and Control system]

Example: Norway-Sweden

In a Customs Union with EU

C

A+

- All goods not covered by the CU [e.g. specific goods; those from other 3rd party countries]
- Agricultural produce [unless negotiated]
- Regulatory compliance [exc., for example, areas addressed by MRAs]
- Transport services [unless negotiated]

Example: Turkey-Bulgaria

In a Free Trade Agreement with EU

D

A+

- All goods not covered by FTA
- All 3rd country goods
- Agricultural produce [unless negotiated]
- Transport services [unless negotiated, so permits required for vehicle to cross each EU MS border]
- Rules of Origin
- VAT paid on import [unless negotiated]
- Regulatory compliance checks

Example: Canada

No Deal

E

A+

- Conformity Assessment Procedure on all products prior to access to EU market
- Potential for customs controls (tariffs & quotas) for all goods crossing the border
- Permits required for transport services
- VAT paid on import
- Certain agricultural goods must enter through designated, specialised Border Inspection Posts
- Regulatory compliance checks

Customs controls on goods at EU external borders

Customs controls require the importer/exporter to have...

- Knowledge of the relevant rules on both sides
- Capacity and resources for compliance with rules in both production and transport *[e.g. meeting standards, paying duties]*
- The means of proving goods are properly classified (e.g. eligible for preferential tariff rate) and demonstrating compliance *[e.g. as a 3rd country, the baseline is all UK exporters to EU would need to complete & submit both a Single Administrative Document & an Entry Summary Declaration for every declaration, plus additional documentation required for highly regulated goods, transport permits, insurance certificates]*
- Time allowed for in transit for possibility of delays/checks
- Sufficient profit margin to be able to incorporate costs associated with crossing the customs border
- To ensure export/import enters at customs-approved border crossing point or via Inland Clearance Depot if subject to customs controls
- To pay VAT up front on crossing the border

The customs agency on each side must have at least the means of...

- Enabling advance declarations of goods crossing
- A system to allow for advanced, intelligent risk management
- Registering details of each border crossing of declared/cleared goods
- Communicating with destination country, the freight forwarded/haulier, and/or importer/exporter
- Granting approval for movement and production of necessary documentation (inc. in e-form)
- Checking correct documentation is held as border is crossed (can be electronic) and that it relates to the goods carried
- For goods in transit, checking the seal is intact & recording movement
- Physically checking that the consignment matches the declaration (based on risk assessment)
- Checking agricultural produce at specialised Border Inspection Posts
- Involving relevant agencies in assessing fitness to exit/enter (e.g. vets)
- Detaining cargo until duties/VAT paid, with the potential of seizing it
- Communicating, coordinating action with agencies on other side
- Testing standards of goods

'Smart' border technology

What it can do

- Reduce time and paperwork required for customs declarations.
- Reduce time taken to receive clearance for entry into different customs zone.
- Make risk management more efficient and comprehensive.
- Keeps data on when a registered vehicle passes a Border Crossing Point.
- In some limited cases in specific conditions, reduce time taken to scan a consignment.
- Enable link up with other systems and sources of data.

What it requires

- Pre-registration of operators and commercial travellers.
- Full customs declarations to be made; full data disclosed by all relevant parties.
- Efficient operating software for submitting and receiving declarations.
- Physical hardware at the border crossing to match the vehicle to the declaration/permit. Ideally more than one means of verification *[e.g. ANPR, e-tag, mobile phone ID]*.
- Built infrastructure at Border Crossing Points OR Inland Clearance Depots with capacity for inspecting freight *[e.g. offices, HGV parking, refrigerated warehouses]*.
- The capacity to follow-up on alerts about high-risk goods or false declarations and catch non-declarations.
- Sufficient time for development and roll-out.
- Full training of officers, support staff, operators.
- Border surveillance at 'approved' and 'unapproved' crossings.
- 'Single window' facilities for multiple agencies *[e.g. police, veterinary]* & Border Inspection Posts for certain agricultural goods.
- Technical agreement between customs forces.

UK/EU BORDER SCENARIOS	NI/GB border	NI/ROI border	GB/EU borders
UK in a Customs Union with the EU	No change.	Regulatory divergence a barrier to trade. Movement of services, workers subject to negotiation. Barriers to continuing shared provision, cooperation in certain areas (<i>e.g. energy, agriculture, transport</i>).	Regulatory divergence a barrier to trade. Movement of services, workers subject to negotiation. Difficulty for cooperation in certain areas.
UK/EU FTA (<i>Scenario 1 of UK/EU Joint Report</i>)	Minimal change.	All the above PLUS customs controls (<i>i.e. Rules of Origin checks; tariffs, quotas on 3rd country goods; VAT due at point of import</i>).	All the above PLUS Customs controls [see column to left].
UK/EU FTA with specific arrangements for NI (<i>Scenario 2, to be proposed by UK</i>)	Some divergence in regulatory areas essential to North/South [N/S] cooperation but this need not mean new regulatory barriers, nor affect movement of goods, services.	Depends on scope of the FTA. [<i>Any stretch to minimise need for customs controls & maintain FOM here would have implications for GB/NI border</i>]. Space for flexibility for sectors key to N/S cooperation, need not affect east/west.	As above.
Full alignment of all-UK with rules of SM and CU (<i>Scenario 3, <u>expansive view</u></i>)	Minimal change.	Minimal change (no customs border, effective continuation of SM).	Minimal change (<i>although would have to negotiate agricultural produce & agree application of Common External Tariff</i>).
NI/IRL protocol of draft Withdrawal Agreement (<i>‘Backstop’; <u>narrow view of Scenario 3</u></i> , i.e. of ‘those rules which, now or in the future, support North-South cooperation, the all-island economy & the protection of the 1998 Agreement’)	No new regulatory barriers. Detail depends on UK/EU FTA (the more ambitious the FTA, the less friction in this border). A customs border would mean Rules of Origin checks needed on goods entering NI from GB.	No customs barrier to movement. Free movement of NI- and EU-origin goods. Continued cross-border service provision and cooperation in specific areas. No automatic free movement of services, workers.	Depends on the scope of UK/EU FTA but there will be customs controls for 3 rd party country goods.



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